

News from Rep. Stephanie Herseth
For Immediate Release
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HERSETH INTRODUCES ANTI-PRICE GOUGING BILL TO PROVIDE RELIEF TO RURAL AMERICA

Bill Will Help Rural Families, Farmers, Small Businesses Struggling With Skyrocketing Energy Costs

September 29, 2005, Washington D.C. – U.S. Rep. Stephanie Herseth, co-chair of the House Democratic Rural Working Group, is taking the lead on legislation to empower the federal government to end price gouging by oil companies and provide relief to rural Americans paying skyrocketing energy and gas costs.

Herseth's bill would give the President the ability to declare an energy emergency, and give the Federal Trade Commission and Department of Justice increased authority to investigate and prosecute price gouging by oil companies. The bill, the Federal Response to Energy Emergencies, or FREE Act, was introduced last night with Rep. Bart Stupak (D-MI) as lead sponsor and Herseth and Rep. Bob Etheridge (D-NC), also a co-chair of the Rural Working Group, as original co-sponsors.

Herseth stressed the effect that high energy costs are having on people across rural America and in South Dakota in particular. She said, "Our farmers and ranchers are among the largest seasonal consumers of fuel, whether that be gasoline, diesel, natural gas or propane. Our rural workforce must often travel long distances for their jobs in town or across the county. South Dakota's Native American tribes are under-resourced and can scarcely afford a doubling or tripling in energy costs. Our schools have to transport kids to class across large geographic districts. And families all across the state face a long and cold winter with estimates of increases in natural gas prices of up to 70%."

The FREE Act's provisions include:

- **Empowers the President to declare a national energy emergency.** Currently, only 23 states have enacted laws that define price gouging and enforcement mechanisms in place for those found engaging in this practice. South Dakota has not. No federal law exists to address price gouging. After this emergency declaration, the sale of crude oil, gasoline or petroleum distillates at an unconscionably high price would be illegal.
- **Requires Federal Trade Commission to promulgate a price gouging rule.** This bill would direct the Federal Trade Commission (FTC) to issue a rule creating a definition of price gouging and establishes criteria to be considered when determining this definition.
- **Grants the FTC the authority to investigate price gouging.** Provides the FTC the ability to investigate companies who are suspected of engaging in price gouging. In addition, the FTC would be granted authority to investigate a new class of market manipulation activities. This would include controversial pricing policies, geographic price-setting, and territorial restrictions imposed by refiners.
- **Provides the FTC with the power to establish new price gouging penalties.** If the FTC finds predatory pricing or market manipulation has occurred, the FTC would be permitted to monetarily penalize companies for each count. The Commission is directed to give priority to actions concerning companies with total U.S. crude/petroleum wholesale or retail sales of more than \$500 million.
- **Allows State Enforcement Authority.** State Attorneys General may bring civil actions against retailers in the appropriate U.S. district court to enforce certain provisions in this act.
- **Requires Transparency** – The bill also includes key provisions regarding transparency. It would ensure that free markets operate effectively, efficiently and fairly. It would prevent powerful stakeholders including multinational oil companies from gaming the system and overcome skepticism in rural America about the integrity of the market.

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Congresswoman Stephanie Herseth serves South Dakota in the U.S. House of Representatives. She is a member of the Blue Dog Coalition, a group of moderate Democrats committed to fiscal discipline and strong national security, and is co-chair of the Rural Working Group, which is dedicated to raising the profile of issues important to rural America. She also serves on three committees vital to South Dakota's interests: Agriculture, Veterans' Affairs and

Resources.